



## TOWN OF BARRINGTON NEW HAMPSHIRE

### MEMO

**To:** Barrington Select Board  
**From:** Office of Financial Administration  
**Subject:** 2019 Audit Review  
**Date:** November 9, 2020

The Town's auditing firm, Vachon Clukay & Company PC, recently completed the 2019 financial audit. The diligent work of the Finance Office throughout 2019 resulted in dramatically fewer journal entries required this year compared to recent years. Additionally, the auditor recognized the process improvements made throughout the year which have strengthened the Town's internal controls and contributed to improved accounting of Town funds.

An important role of an independent auditor is to identify areas of improvement. In further recognition of the Finance Office's hard work, the auditor had only one recommendation which was included in the Management Letter. Their recommendation pertains to an opportunity for strengthening internal controls and operating efficiency.

The auditors noted that the Treasurer uses a signature stamp for approving and signing vendor and payroll disbursements. Additionally, while the signature stamp is stored in a secure location, those individuals with access also have access to the general ledger and have the ability to process payments. The implication is that access to the Treasurer's signature stamp by an individual who has access to the general ledger or ability to process payments increases the risk of misappropriation of assets through the ability to bypass the Treasurer's control over Town funds.

The Finance Office continues to reduce the amount of physical checks needing signature by enrolling employees in direct deposit and adding vendors to electronic payments. In order to best satisfy the recommendations of Vachon Cluckay & Company PC, we will implement the following process adjustment: Starting January 1, 2021, the stamp will be in a secured location, accessible only to the Treasurer and Deputy Treasurer. The Treasurer or Deputy Treasurer will continue to stamp checks only after receiving a Select Board-signed accounts payable manifest or a payroll manifest approved by two staff members. The Treasurer will train the Municipal Office Administrator on the duties and responsibilities of the Deputy Treasurer by January 1, 2021.

Please do not hesitate to contact the Finance Office with any questions or concerns about the 2019 financial audit.